

Message Text

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SUBJ: ENERGY: MORE JAKARTA PRESS EDITORIALS ON OIL PRICE

REF: JAKARTA 9104

BEGIN SUMMARY: THREE RECENT JAKARTA PRESS EDITORIALS ARE MORE SUPPORTIVE OF OIL PRICE INCREASE THAN THOSE REPORTED REFTEL. KOMPAS ARGUES MARKET FORCES WILL KEEP OIL PRICE NEAR PRESENT LEVEL UNTIL ALTERNATIVE ENERGY SOURCES DEVELOPED, PROBABLY AROUND 1980. PRESENT PRICES BASED ON "STRONG GROUND OF FAIRNESS" AFTER COMPANIES EXPLOITATION DEVELOPING COUNTRIES' RAW MATERIALS KEPT PRICES TOO LOW IN PAST. BUSINESS NEWS NOTES IBNU REMARK IN SPEECH TO OIL AND GAS MANAGEMENT COURSE THAT OIL PRICES "MUST BE INCREASING", OBSERVES NEITHER CONSUMING NOR PRODUCING COUNTRIES CURRENTLY INTERESTED JOINT CONFERENCE, AND CRITICIZES DEVELOPED COUNTRIES FOR USING OIL "EXTRAVAGANTLY" PRIOR PRICE INCREASE. MERDEKA CITES SAME IBNU SPEECH AND EMPHASIZES IBNU THEME THAT OIL PRICES

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MUST, "WILLY NILLY, BE HIGH". END SUMMARY.

1. KOMPAS (MODERATE LEADING MORNING PAPER) EDITORIAL
JULY 30 "OIL PRICES TO GO DOWN?" FIRST PRESENTS U.S.
SURVEY FINDINGS THAT OVER-PRODUCTION AND HIGH PRICES WILL
FORCE WORLD OIL PRICES TO DROP SHARPLY BY END OF YEAR.
ACCORDING "MANY SURVEYS... CONDUCTED IN THE INDUSTRIAL
COUNTRIES", AN OIL OVERSUPPLY OF 1.5 MILLION B/D IN FINAL
SIX MONTHS OF 1974 WILL INCREASE TO 2.7 MILLION B/D
DURING FIRST SIX MONTHS OF 1975, SAID TO BE RESULT OF
DECLINE IN WORLD ECONOMY, ECONOMIZED CONSUMPTION, MILD
WINTER AND ADJUSTMENTS IN WESTERN COUNTRIES TO FUEL
SCARCITY. EDITORIAL OBSERVES, "WE MUST, OF COURSE, BE
NEEDFUL OF THE FORECASTS, ESPECIALLY SINCE THE
INDONESIAN ECONOMY RELIES ON OIL WHOSE ROLE IS HOPED TO
BE GROWING". HOWEVER, PURCHASING COUNTRIES' FIGURES
SHOULD BE COMPARED WITH THOSE OF PRODUCING COUNTRIES.
TAKING SLAP AT WESTERN PRESS, EDITORIAL REMARKS
"UNFORTUNATELY" THESE LATTER FIGURES SELDOM APPEAR THERE,
OBSERVES INTERNATIONAL NEWS AGENCIES GENERALLY BASED IN
WEST AND TEND CONCENTRATE ON WESTERN EVENTS AND PUBLIC
OPINION. ALSO, "ASPECT THAT IS NOT MENTIONED" IN ABOVE
SURVEY IS MARKET PROCESS LEADING TO "BALANCE BETWEEN
OFFER AND DEMAND". THIS ASPECT "WILL DETERMINE PRODUCTION
AND PRICE LEVELS" UNTIL LARGE-SCALE CHANGE IN
ENERGY WORLD OCCURS, "AT THE EARLIEST ONLY IN 1980 EVEN
THOUGH THIS CHANGE CAN BE ACCELERATED" BY OIL PRICE
RISES. "SO THERE IS VERY LITTLE LIKELIHOOD THAT POINT
OF BALANCE WILL BE TOO FAR BELOW PRICE PREVAILING NOW".
ADDED REASON IS FUEL OIL DEMAND IN WEST "VIRTUALLY
INELASTIC". EDITORIAL NEXT ARGUES OIL PRICE DROP UNLIKELY
BECAUSE PRICES ALMOST ALL RAW MATERIALS VITAL TO
WESTERN INDUSTRIES HAVE RISEN. VITAL COMMODITIES'
HIGHER PRICES ARE "EFFECT OF PAST DEFICIENCIES", EDITORIAL
SNAPS. WESTERN EXTRACTIVE COMPANIES EXPLOITING DEVELOPING
COUNTRIES' RAW MATERIALS ONCE DETERMINED THESE
PRICES, WHICH WERE "EXCESSIVELY FAVORABLE" TO INDUSTRIAL
COUNTRIES. NEXT COMES CENTRAL POINT: DEVELOPING
COUNTRIES' DEMAND FOR HIGHER PRICES FOR VITAL COMMODITIES
HAS "STRONG GROUND OF FAIRNESS". ACCORDINGLY,
FORECASTS DECLINING OIL PRICES "NEED NOT BE TOO GREAT A
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SOURCE OF CONCERN FOR US". STILL, "WE MUST MAKE A
GREATER ATTEMPT TO DIVERSIFY OUR EXPORTS.... THAN EVER IN
THE PAST".

2. BUSINESS NEWS (REPUTABLE ECONOMIC BULLETIN PUBLISHED
THRICE WEEKLY) EDITORIAL AUGUST 7 "OUR OIL AND THE
WORLD" BEGINS CITING RECENT IBNU REMARK BEFORE OIL AND
GAS MANAGEMENT COURSE THAT OIL PRICES "WILL NEVER

DECLINE, THEY MUST BE INCREASING", THEN NOTES TWELVE MAIN OIL CONSUMING COUNTRIES APPARENTLY WORKING TOWARDS COOPERATION. AFTER DISCUSSING THEIR PLAN SHARE OIL IN CASE OF SQUEEZE, EDITORIAL INDICATES THAT CONSUMING COUNTRIES HAVE "NO INTENTION" CONVENE MEETING WITH OIL EXPORTERS, AND POINTEDLY ADDS, "NOR IS THERE ANY INTEREST ON PART OF PRODUCERS TO HOLD JOINT CONFERENCE". DECISIVE OIL PRICE FACTOR IS ARAB PRODUCERS; "WE HAVE TO FOLLOW" PRICE TRENDS SET BY BIG PRODUCERS SUCH AS SAUDI ARABIA, IRAN, VENEZUELA, KUWAIT, "WHILE RETAINING OUR FREEDOM OF PRICE DETERMINATION". EDITORIAL OBSERVES ADVANCED NATIONS' USE OIL PRIOR ENERGY CRISIS CONSTITUTED EXTRAVAGANCE, AND WAS ESSENTIALLY AN "OIL PRODUCERS' SUBSIDY TO DEVELOPED COUNTRIES, SINCE PRICE THE LATTER PAID FOR OIL WAS VERY LOW". IN VEIN SIMILAR TO KOMPAS, CONCLUDES URGING DIVERSIFICATION OF INDONESIAN ECONOMY, CALLING DEPENDENCE ON OIL "UNWISE.... NO MATTER HOW BRIGHT OIL PRICE PROSPECTS IN NEAR FUTURE MAY BE". LAST SENTENCE ADDS THAT BRUSSELS MEETING "HAS WARNED US OIL CONSUMERS DO NOT REMAIN SILENT IN DEFENDING POSITION."

3. RAMBLING MERDEKA (ULTRA-NATIONALIST, OFTEN XENOPHOBIC DAILY) EDITORIAL AUGUST 7 "PRICE OF OIL MUST BE HIGH" REPEATS EXCERPTS FROM SAME IBNU REMARKS. EDITORIAL BEGINS WITH PERTAMINA PRESIDENT DIRECTOR'S OBSERVATIONS OIL PRICE MUST, "WILLY NILLY, BE HIGH, BECUASE MINERAL FOR THIS ENERGY WILL BE RUNNING OUT AT ONE TIME." IBNU ADDED "WE MUST BE THRIFTY" IN USING OIL, EMPHASIZED THAT REVENUES MUST BE USED BOTH TO PROVIDE FACILITIES TO INCREASE OIL PRODUCTION AND TO DEVELOP OTHER SOURCES OF ENERGY (E.G., CONSIDER PERTAMINA EXPLOITATION NATURAL GAS AND REHABILITATION UNCLASSIFIED

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COAL MINES IN SUMATRA). EDITORIAL NOTES STATEMENT THAT OIL PRODUCING COUNTRIES STILL IN NEED OF "SKILLS OWNED BY FOREIGN OIL COMPANIES", AND CITES IBNU REMARK INCREASED PRICE OF GOODS AND SERVICES IN INDUSTRIALIZED COUNTRIES, RESULT OF OIL PRICE INCREASE, "CANNOT POSITIVELY BE SAID.. TO BALANCE THEIR OIL BILLS," WHICH SOME "CANNOT EVEN PAY". EDITORIAL CONCLUDES WITH IBNU OBSERVATION OF "PROBLEM" THAT SOME MIDDLE EAST PRODUCING COUNTRIES WITH SMALL POPULATIONS "CANNOT ABSORB GOODS AND SERVICES FROM THE INDUSTRIALIZED COUNTRIES... AS EXPECTED".
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